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Time Inc. to Buy Temple Industries For \$153 Million

Diversified Firm's Holders Would Receive 3.1 Million Shares in the Transaction

Time's '72 Operating Net Up

By a WALL STREET JOURNAL Staff Reporter

NEW YORK—Time Inc. and Temple Industries Inc. said they signed a memorandum of intent by which Temple would be merged into Time in a tax-free exchange of shares.

In a separate announcement, Time said its 1972 operating earnings were up 11% and net income slipped only about 3.8%, despite costs related to the closing of Life magazine.

Under the proposed transaction with Temple, that company's shareholders would receive one-half share of Time Inc. stock for each share of Temple stock outstanding, or about 3.1 million shares of Time's stock.

Time closed at \$49.375 on the New York Stock Exchange yesterday, down \$3.375. Temple closed at \$21.625, up 75 cents. Based on that closing, the value of the transaction would be about \$153 million.

The proposed transaction is subject to negotiation and execution of final agreements and approval by directors and stockholders of Time Inc. and Temple, the companies said.

Upon completion of the transaction, Temple would become a Time subsidiary. Arthur Temple, chairman, and W. Temple Webber, chairman of the executive committee, would join Time Inc.'s board.

Temple is an 80-year-old forest products, manufacturing and timber-owning company which also is engaged in mortgage banking, land development, commercial and industrial construction.

The company is located in Diboll, Texas, near Eastex Inc., Time Inc.'s pulp and paper-board subsidiary headquartered in Silsbee, Texas.

In line with estimates made last month, Time's 1972 operating earnings were \$28.9 million, or \$3.96 a share, up from operating earnings of \$25.95 million, or \$3.57 a share, in 1971. Earnings from operations for both years have been restated to reflect the closing of Life magazine and costs connected with St. Francisville Paper Co., a joint venture Time Inc. entered into with Cohn Zellerbach Corp. Revenue in 1972 was \$511 million, up from \$463.9 million in 1971.

The loss from these discontinued operations was \$3.5 million after taxes in 1972, compared with a loss of \$3.4 million after taxes in 1971.

Extraordinary losses reduced Time Inc.'s 1972 net income to \$22.4 million, or \$3.08 a share, less than 1971 net of \$23.3 million, or \$3.20 a share.

Time Inc. had extraordinary losses of \$3 million last year, compared with an extraordinary gain of \$668,000 in 1971. The 1972 extraordinary losses resulted mainly from the cost of closing Life (\$8.3 million after taxes), sale of an interest in St. Francisville (\$9.9 million after taxes) and write-downs on an investment in Metro-Goldwyn-Mayer Inc. to market value (\$7.3 million). It also incurred added costs related to the 1971 discontinuance of sales operations of Family Publications Service Inc., a subsidiary (\$1.9 million) and losses on the disposition of printing equipment, foreign television investments and real estate. Offsetting these charges to a large degree were capital gains of \$26.3 million after taxes from the sale of six radio and four television stations.

In reviewing the year's operations, Andrew Heiskell, chairman, said Time and Sports Illustrated magazines and Eastex Inc. all registered record earnings in 1971. He also said that with the closing of Life and the sale of Time's interest in St. Francisville "behind us, we believe that the operations of the company are on a sounder basis for growth in the years ahead."